(c) and (d) The Government have considered all the representations received from the textile industry including that from ICMF in the budget and have announced a special package of incentives for the textile industry. These include reduction of excise duty on fabrics, made-ups and garments from 16% to 12%, withdrawal of excise exemption on hank yam, restricting the exemption on hand processed fabrics on use of power to 7/4 specified processes, levy of excise duty on optional basis on grey fabrics, cotton knitted fabrics and knitwears, abolition of optional compounded levy scheme for independent textile processors and exemption from excise duty on automatic looms and specified textile processing machinery.

(e) Does not arise in view of reply to parts (c) and (d) above.

Utilisation of foreign exchange reserves

4294. SHRI R.P. GOENKA:

SHRI SANTOSH BAGRODIA: Will the Minister

of FINANCE be pleased to state:

(a) whether Government have taken a decision on the recent recommendation of the Reserve Bank of India that the mounting forex reserves of the country, reportedly set to cross $54 billion shortly and would exceed the country's need as assessed on widely accepted Guidotti standard rules, be utilized to pre-pay some of the country's external debt; and

(b) if so, the details of the strategy worked out, if any, for utilizing the forex reserves more productively?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Government of India have constituted an Adhoc group comprising of the officials of Ministry of Finance and Reserve Bank of India to analyse the issue of Pre-payment of high cost External Debt and to take a decision in this regard. Prepayment proposals of some of the PSUs, in respect of their multilateral loans have in the meantime been cleared as per the guidelines spelt out by the Adhoc group for the same.